

MiFID II Costs & Charges Disclosure - Structured Investment Products

Structured investment products ex ante disclosure

MiFID II Costs and Charges obligations apply to transactions in products that are 'financial instruments' as defined under MiFID II.

Unless notified otherwise, Costs and Charges for structured investment products:

- Represent Costs and Charges incurred for the financial instrument and the investment and/or ancillary services that we provide to clients.
- Do not include any third party payments received by the investment firm in connection with the investment service provided to the client.
- Are embedded in the final price received by the client.

Cumulative effect of costs on return

Potential returns at inception on a client's investment will be reduced by the overall amount of the Costs and Charges applied by Barclays in connection with the financial instrument and related investment services and/or ancillary services.

Price formation

Price formation for Barclays structured investment products generally takes the following approach:

- The formation of a '*base price*' which takes into account factors including, but not limited to: observable market prices, Barclays' funding rate, market data (e.g. volatility data) and internal model parameters.
- Costs and Charges are then applied to the '*base price*' to form the '*client price*'.
- The difference between the '*base price*' and the '*client price*' shall therefore constitute the ex-ante Costs and Charges.

Costs and Charges

The Costs and Charges applied to structured investment products vary depending upon a number of factors including but not limited to: costs incurred to hedge market risk (e.g. volatility and delta risk to the underlying reference asset), other hedging costs (e.g. any time lag from the point when a price is agreed to the point when all economic terms are final) and, where applicable, sales mark up or mark down.

Unless we have communicated otherwise to you, the maximum costs for structured investment products will be up to 5% for all structured investment products with a maturity of up to 10 years and up to 7.50% for all structured investment products with a maturity greater than 10 Years.